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06 April 2016

Version of attached file:

Other

Peer-review status of attached file:

Not peer-reviewed

Citation for published item:

Warwick, P. (2016) 'Emerging economy universities, the next big thing? How will they challenge the dominance of North American and European Universities?', Working Paper. Durham University Business School.

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Emerging Economy Universities, the next big thing?

How will they challenge the dominance of North American and European Universities?

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Abstract

The expansion of the transnational education activities of leading universities from Australia, Europe and North America has been one of the more noticeable developments in the global higher education business during the last decade. In other sectors of international business an even more noticeable development has been the growing importance of emerging economy based multinational enterprises, such as Tata, Lenovo and PetroChina. Using three illustrative case studies, this paper suggests that emerging economy based universities could use similar strategies to those used by emerging economy multinational companies to enable them to play an increasingly prominent role in the global higher education business. With high student demand, increasing student enrollments and often generous state funding emerging economy universities could be the next big thing in international higher education, challenging and overcoming the dominance of North American and European institutions.

Keywords

International, Higher Education, Emerging Economy Universities

Emerging Economy Universities, the next big thing?

How will they challenge the dominance of North American and European Universities?

Introduction

According to the Observatory on Borderless Higher Education (OBHE) Horizon Scanning Report (OBHE 2013) the total number students enrolling in higher education (HE) across the world has been rising by around 5-6 per cent per annum for the last twenty years. However, the OBHE predicts that the overall number of students enrolling in HE is likely to show much slower growth by the end of the current decade. At the same time the well-established pattern of students moving from developing to developed economies (sometimes referred to as South to North movements) for their education is beginning to change. Whilst some developed economies experience no or slow growth in their HE sectors, the OHBE report predicts that several new trends will emerge. First, the number of students enrolling in domestic higher education in China, India and other emerging economies is likely to continue growing at a rapid rate for some time to come. Secondly, enrolments in transnational education (TNE) in emerging economies will continue to expand. Thirdly more students will enroll in institutions in neighbouring Asian and Middle Eastern countries, Singapore and the United Arab Emirates being notable destination countries. The OBHE describes these as South to South student movements (OBHE 2013).

This paper draws on the parallels between the worlds of HE and international business to consider the implications of the changes in the business environment for HE described above. It considers the literature and draws ideas from the fields of international business and strategy as well as the HE sector. Then, illustrating the argument with three short case studies, the paper suggests that whilst the growth in TNE is perhaps the most important current development in international HE, the increasingly high profile role of emerging-market universities has the potential to be a more significant development in the longer term.

In the Times Higher Education World University Rankings there were 6 universities from emerging economies in the world top 200 in 2013, 8 in 2014 and 13 in 2015. (Times Higher Education 03/10/2013, 02/10/14) see table 1 below. These figures exclude the 2 Singaporean institutions that appear in the top 200 (Singapore is no longer generally regarded as an emerging economy). It is likely that this trend will continue in parallel to similar developments in

international business, where the growing influence of emerging-market organisations on the business environment is becoming ever more noticeable (Ramamurti and Singh 2009). To illustrate the point think of the impact of India's Tata Motors on the car industry (they are responsible for the renaissance in the fortunes of the Jaguar and Land Rover brands). Think of the importance of Lenovo in the world of personal computing (Lenovo are the Chinese based computer firm that has acquired much of IBM's PC and IT based businesses) or think of Sinopec, Petro China (both Chinese), Petrobras (Brazil), Gazprom and Lukoil (both Russian) now all top 20 producers in the oil industry. These oil producers have changed the industry's reliance on the Middle East with the extraction patterns diversifying to the Caspian Sea, Africa and Latin America.

Table 1, Times Higher Education World University Rankings Top 200 (rank in brackets)		
2013	2014	2015
The University of Hong Kong (35)	The University of Hong Kong (43)	The University of Hong Kong (43)
Peking University, China (46)	Peking University, China (45)	Peking University, China (48)
Tsinghua University, China (52)	Tsinghua University, China (50)	Tsinghua University, China (49)
Hong Kong Uni. of Science and Technology (65)	Hong Kong Uni. of Science and Technology (57)	Hong Kong Uni. of Science and Technology (51)
National Taiwan University (134)	Chinese University of Hong Kong (109)	Middle East Tech. University, Turkey (85)
City University of Hong Kong (182)	University of Cape Town, S. Africa (126)	University of Cape Town, S. Africa (124)
	National Taiwan University (142)	Chinese University of Hong Kong (129)
	Bogazici, Turkey (199)	Bogazici, Turkey (139)
		National Taiwan University (155)
		Istanbul Tech. University, Turkey (165)
		Sabanci University, Turkey (182)
		City University of Hong Kong (192)
		Fudan University, China (193)

(Source: Times Higher Education, 2012, 03/10/2013, 02/10/14)

HE as International Business

Whilst the core business of universities remains teaching and research, the business environment in which universities operate has been subject to significant change in recent times. Universities can no longer take their role and status for granted (Collini 2012). Taking part in HE is no longer the preserve of a small number of elite students in developed economies, it is becoming available to a much wider group of young people across the world. In many developed economies like the UK, government funding of HE has been reduced and reformed. At the same time, universities are expected to recruit a greater proportion of young people into HE (OHBE 2013); social and demographic changes have led to increased

participation (Cmnd 2011/8122), and new technologies have encouraged and enabled the massification of HE (Shattock 2010, Turner 2015). Also, the last few years has seen the development of massive open online courses (MOOCs) provided by organisations like the US collaborations Coursera, Udacity and the UK based FutureLearn. These changes are causing institutions to rethink the way they position themselves in an increasingly complex business environment. (OBHE 2013).

One of the consequences of the changing business environment is that 21st century HE takes an increasingly diverse range of forms (full-time, part-time, distance learning, online or parcelled into small bite sized modules). HE can be supplied by a private provider, a traditional or a new university; a locally focussed or internationally renowned university; FE College, international college, franchised college, corporate university or an internet service provider in combination with the above (Taylor 2004). Many of these institutions operate across international borders. As an example of the complex contemporary pattern of HE provision, consider the Indian private not-for-profit university, Amity and its London based courses. Amity's courses are promoted on-line to international students who want to study in London. They are taught by Amity employed academics, accredited by Anglia Ruskin (a new public sector UK based university) in buildings managed and provided by Birbeck College, part of the University of London (OBHE 2013).

It is important to acknowledge that the commercially orientated approach to HE is uncomfortable for many academics (Collini 2012, Cmnd 2003/5735); however for the purpose of this paper this issue is set-aside, instead it is accepted that many universities now operate as international businesses (King 2009, Shattock 2010, Wildavsky 2010). Parallels are drawn between HE and other sectors of international business in the hope that it will give some insights into the international strategies of 21st century universities and international business concepts are used as a way of describing and differentiating the strategies observed (Warwick 2014).

Applying international business theory to HE

In the field of International Business, academic research traditionally focussed on large US and European businesses as they engaged in foreign direct investment (FDI). Although most international business occurs between neighbouring developed economies, for example between the US and Canada or between the EU member countries (Dunning 2000) much of the academic research in the 1990s was devoted to studying FDI, for instance, how

organisations set-up manufacturing bases and service outlets in emerging economies around the world (Griffin and Pustay 2009). This type of internationalisation, undertaken by developed economy businesses is often described as resource seeking internationalisation; where the multinational corporations take advantage of natural resource endowments in developing countries, for example minerals and oil and gas. Subsequently, the abundance of cheap labour in emerging economies became the focus. Off-shoring production in the apparel, consumer electronics and I.T. industries became the hot topic in international business around the early 2000s (Rivoli 2005).

Following the financial crisis 2008-10 the focus shifted again as international businesses and in-turn the academics who studied them, turned their attention to market-seeking internationalisation. At this time many large western multinational brand name organisations looked for growth in the expanding emerging economies around the world. Retailers like Zara, H&M and Gap, service providers like Starbucks and car manufacturers like VW, Ford and Toyota looked to sell their products and services to the growing middle income groups in India, China and other emerging economies (Guest 2011). With the traditional US, European and Japanese markets stagnated or in some cases suffering significant declines, expanding in emerging economies became the best way to maintain profits and offer shareholder returns.

Similarly, recent explanations of HE activities have shifted from an emphasis on resource seeking internationalisation (where universities take advantage of their reputation to attract and recruit the best students and academic staff from around the world) to market seeking internationalisation, where they locate TNE activity closer to the students, often in the middle-east or Asia. In international business this type of strategy is most common in the sort of mature market conditions similar to those predicted for HE by the end of the current decade (OHBE 2013).

Internationalised HE is a complicated and multifaceted phenomena, but expressing the activity in its simplest form as academic relations across borders (Marginson's 2007:38) means that country-based trade theories become more relevant, for example offering a partial explanation for the expansion of the cross-border movement of students in the last 20 years. The concept of comparative advantage suggests that countries with an advantage or relative advantage in a particular resource or commodity should seek to expand the trade in that resource or commodity

(Hill 2012). The USA and UK, Australia, Canada, New Zealand, Ireland, Singapore, Malaysia and Hong Kong all offer HE taught in the English language (perhaps the HE equivalent of what trade theories would call an advantageous resource) as a result they can attract significant numbers of students across international borders. Government policy in these countries seeks to exploit this advantage. The trade in HE has been promoted by government policies and university activities for a decade or more. In the smaller English speaking economies like New Zealand or countries who teach in English like Singapore (where all education is in English), HE income is a significant government economic policy; for example around 10 years ago, HE was New Zealand's fourth biggest export earner ahead of its famous wine industry (Bennet 1998).

An alternative set of firm-based international business theories aim to explain the workings of individual firms in international markets. Stages Theory, in particular the Internationalisation Process Model, also known as the Uppsala Model (Johanson and Vahlne 1977) offers a further explanation of how individual organisations approach internationalisation. Stages Theory suggests firms move sequentially through modes of internationalisation in a series of stages (Calof and Beamish 1995). In manufacturing, the modes of internationalisation include: export, licences, franchising, sales subsidiaries, joint ventures and wholly owned subsidiaries. Stages Theory predicts increased commitment to international markets as the organisation acquires knowledge and understanding (Melin 1992).

This knowledge and experience-led approach could have some relevance to universities, for example Tossavainen (2009) suggests a pattern of international student recruitment activity that has been followed by a several Finnish technical universities. Arguably, similar patterns have developed in some Australian and UK universities. The stages she refers to are something like the following:

Stage 1 - Recruitment trips generally to Asian Countries to attract international students

Stage 2 - Joint degree programmes (for example, 2+2 bachelor's degree programmes) with partner institutions often in the Middle-East, South and East Asia.

Stage 3 - TNE (including international teaching collaborations, franchising and distance - learning programmes) focussed on attracting Asian students

Stage 4 - Creation of an international campus to further develop market penetration in Asian countries.

This sort of sequential list does not offer a universal explanation of HE internationalisation. In practice, internationalisation initiatives are more likely to be opportunistic, linked to personal networks or chance contacts rather than incremental and deeply thought through (Howe and Martin 1998). Also the above stages refer specifically to student recruitment and teaching activities rather than any research-led internationalisation. In reality, few universities follow the same path; instead, like organisations in other sectors, they leapfrog stages, start or finish at various stages in the sequence rather than sticking to the pattern. Despite these qualifications, there is a pattern in the above list that has some resonance and is a plausible description of the approach taken to international markets by some internationally orientated universities especially some of the more business focussed Australian, US and UK based universities (Poole 2001, Kennedy 2003, OBHE 2013).

Stages Theory was developed to explain trade in tangible manufacturing products before the creation of the internet and the dominance of service-led, knowledge-based economies (Axinn and Matthysens 2002). In contrast to this, like other service offerings HE is intangible, not a physical manufactured product, as a result, the predictions of Stages Theory need to be adapted if they are to remain valid in the internet era (Forsgren and Hagstrom 2007, Johanson and Vahlne 2009) and applicable to intangible services like HE. Instead of the predicted pattern of cautious internationalisation based on gaining knowledge of foreign markets and learning by doing, internet era service based firms have access to more information and market intelligence than their predecessors (Axinn and Matthysens 2002) and as a result they are more likely to base decisions on market potential rather than market knowledge following experiential learning. In pursuit of quick growth, they are more likely to expand via acquisition rather than a more cautious sequential development, as may have been the case thirty years or more ago (Johanson and Vahlne 2009). Similarly, some universities select their target countries based on geographic location and market potential (Gibbs and Murphy 2009) rather than longstanding relationships (Heffernan and Poole 2005). Distance learning programmes offer the potential for rapid internationalisation, as was the case with the Oxford Brookes University and Association of Chartered Certified Accountants on-line accounting degree programme which enrolled over 100,000 students in its second year and 250,000 students within its first five years of operation (Tsiligiris 2014). Perhaps this could be classed as one of HE's first born-global programmes. Born-global organisations being Knight and Cavusgil's (2004) concept of the sort of rapid

internationalisation attempted by internet or technology driven companies, for example Facebook, between 2004 and 2006.

Until recently, Australian universities have generally been the most heavily committed to TNE (Poole 2001, Kennedy 2003). Of late they have been joined by UK and US based institutions, with a significant numbers of new TNE collaborations and branch campuses opening every academic year in the current decade. As noted in the introduction, it is the emerging economies where student numbers are increasing and it is perhaps not surprising that it is here where much of the most recent TNE activity has been focussed (OBHE 2013). The OBHE estimated that there were 200 branch campuses at the end of 2012, with a further 37 planned to open between 2012-2015 (Lawton and Katsomitros 2012). This market seeking approach to internationalization allows developed economy institutions to tap into the growth in student numbers in emerging economies but at the same time puts them in direct competition with domestic institutions in the emerging economies.

TNE is the current big issue in international HE, what happens next is the focus of the rest of this paper, which is devoted to considering the possibility that like in some other industries it will be the emerging economy institutions that will become the dominant issue in the next phase of globalization of the HE industry. Following a brief explanation of the research undertaken as part of the study, the emerging economy universities will be explored in greater detail with three brief institutional case studies added to illustrate the observations.

Research methodology

The study was conceived as an exploratory piece of research, to consider the potential influence of emerging market universities. A multiple case study methodology was selected (Yin 2009). Three very different organisations have been considered and developed into short case studies, with the purpose of illustrating the range and variety of universities in emerging economy settings as well as the very different strategies that emerging economy universities may adopt. Rather than any deliberate plan to seek-out representative institutions the featured organisations presented themselves based on informal contact and ease of access. Interviews were conducted with a senior representative of each institution in the spring and early summer of 2015, two were face-to-face and one conducted on Skype. Each interview lasted for approximately one hour. Interviewees were given a list of topics to be discussed in advance but

the interviews were unstructured. To further develop the case studies, secondary data was gathered from university websites and other third party sources. Each university was written-up as a separate case. Extracts from the three case studies are contained in boxes 1, 2 and 3 later in the paper.

Like all case studies the research has its limitations, in particular the extent to which the cases can be representative (Robson 2002). The sample size is small and is therefore illustrative rather than representative. The findings are indicative of some emerging economy universities strategies and not generalisable. Ideally, additional cases will be added in future to create a wider more representative sample.

The growing influence of emerging economies

One of the recent hot-topics in the field of international business is the growing impact of businesses based in emerging economies (Matthews 2006, Luo and Tung 2007, Kedia et al 2012). Less affected by the global downturn in 2008-10, companies from emerging economies have been gradually building a more significant global presence in industries such as the telecommunications, automotive and oil industries. These emerging economy multinational enterprises (EMNEs) tend to be late movers without some of the design, technology or brand advantages enjoyed by their developed economy counterparts. Nevertheless they have become increasingly successful in a period when their competitors have often faltered. In addition to the companies listed in the introduction, emerging-market banks like Bank of China or Standard Bank of South Africa, mobile communications companies like Huawei and Xiaomi of China and Airtel of India, consumer electronics firms like Foxconn of Taiwan, construction firms like Cemex of Mexico, car manufacturers like Shanghai Automotive Industries Corporation (SAIC) and Chery of China and restaurant chains like Nando's from South Africa are all exerting an increasing influence on their respective industries (Ramamurti and Singh 2009).

To explain the success of EMNEs against the odds, new concepts have been suggested such as the Springboard Perspective (Luo and Tung 2007) which notes that among other things, EMNEs often internationalise by acquiring resources and competitive advantages. Examples of this approach would be Lenovo's acquisition of the IBM's PC know-how and the Think Pad brand, or Tata Motors acquisition of the Jaguar and Land Rover brands. EMNEs exploit their success in fast growing domestic markets to build-up capital which enables them to make

strategic international investments (Ramamurti and Singh 2009). Some of these investments have enabled them to leapfrog technologies, for example landline telecommunications infrastructure, and so get ahead of their developed economy competitors (Mathews 2006).

EMNEs are also noted for establishing linkages with a range of international organisations. They learn from these links in alliances, collaborations and joint ventures and then exploit that learning for their own advantage (Mathews 2006). Along the way the EMNEs have to overcome: lack of infrastructure (for example the lack of fast road and rail links in India); institutional voids (such as less legal protection for their intellectual property) and need to be tolerant of much higher levels of risk and uncertainty than their established developed market competitors (Ramamurti and Singh 2009). EMNEs have expanded into foreign countries to overcome trade barriers, get around some domestic constraints, to exploit a competitive advantage in other equivalent emerging-markets or simply to opportunistically fill a gap in the market. For example, Airtel has become a very successful provider of mobile-phone services across much of Africa using know-how and processes they developed in rural India, while Chery Autos, concentrated on selling lower priced family cars in Turkey, North Africa and Latin America rather than trying to compete with established producers in Europe and North America.

The first case study institution, St George's University Grenada, has not sought to compete head-on with the might of nearby US universities but has instead developed a strong reputation by using its distinctive resource advantages to fill a particular gap in the market, an unmet demand for English language medical education, see case study 1 for more details of how St George's University has become successful in its sector of the market.

Case Study 1 - St. George's University, Grenada.

St. George's University was established as a for-profit institution in Grenada, West Indies in 1976. Currently it enrolls around 6,000 students per year, around two-thirds of whom are United States (U.S.) citizens and employs around 400 academic staff. The mission statement states: *Our highest purpose is education and there is no better education than one that is truly international* (St George's University 2015).

Its origins are as a specialist provider of medical training, catering for the undersupply of medical school places in the U.S. and world-wide demand for medical training in the English. St. George's does not feature in world university rankings; however St. George's medical students do well in the United States

Medical Licensing Examinations, taken by all students wanting to practice medicine in the U.S. St. George's understandably promote these results as a way of demonstrating institutional credibility and reputation in comparison to other U.S. based medical schools. St George's students achieve residencies in multiple specialties in the US and postgraduate positions in a range of other countries including in the U.K. Canada and neighbouring Trinidad.

On the back of its reputation as a Medical School, St. George's was able to add a Veterinary Medicine programme and a Public Health Programme in the late 1990s. More recently a Masters in Public Health and on-line Masters in Business Administration programme have been added for the international market and a small undergraduate programme mainly for students from Grenada and neighbouring islands. Also in the last few years, contracts have been agreed with the Botswana and Trinidad and Tobago governments to train doctors to work in those countries.

The most significant resource advantages that have allowed the University to attract staff and students are English as the mode of instruction and St George's location in Grenada. Not only is it relatively close to the U.S. it is a well-known holiday island, an opportunity which allows the University to attract and retain staff, high profile guest speakers and examiners and to attract students from northern hemisphere countries looking for an exotic and warm location in which to study. The University's publicity material highlights the location with many pictures of the True Blue campus, located next to the sea in the south-west of Grenada, close to the international airport.

St George's is an example of a small private, for-profit institution that has moved quickly to take advantage of gap in the market for medical training in English. It has grown quickly to become a credible alternative to the highly regulated medical schools in the nearby USA, then building on that success to develop a wider range of programmes. It has become a popular study choice for international students.

Are other EMNE trends being replicated in HE? It is probably a little early to predict significant changes in the HE world order as a result of the impact of emerging economy institutions, for instance, at present only a handful of Chinese universities are challenging the elite US and European universities, however it is interesting to consider the growing influence of emerging economy universities within the Times Higher Education and QS World University Rankings. The Times Higher Education Supplement also publishes an Asian University (Times Higher Education 19/06/2014) and Emerging Economies Rankings (Times Higher Education 05/12/2013) to go alongside its more well-known World University Rankings. The Emerging Economy list is dominated in number if not at the top of the rankings by Chinese universities.

This list also features universities from all over the world, including Central and South America (Mexico, Brazil, Columbia), Eastern Europe, Turkey, Russia, the Middle East (particularly Saudi Arabia), South Africa, India, Thailand, Taiwan and Malaysia as well as China. The Asian University rankings are dominated by Japanese and South Korean Universities, however Japanese dominance in Asia is reducing in significance while the number and rank of Chinese and Indian universities is increasing in this list (OHBHE 2013).

The second case, Xiamen University, is an example of a Chinese institution with ambitions to be a significant player on the world stage. With substantial government support, strong leadership and a favorable coastal location, it would be unwise to bet against Xiamen achieving their ambitions, see case study 2.

Case Study 2 - Xiamen University, China.

Founded in 1921, Xiamen is a large Chinese state funded University with approximately 40,000 students enrolled per year and 2,000 academic staff in 76 academic departments (Xiamen University 2013). A research intensive university, Xiamen is part of the Chinese Ministry of Education's 211 project developed to boost the research capacity of the Chinese Universities. It is also a member of the 985 programme, and therefore receives additional funding support to help it achieve world class status. However, Xiamen is not one of the elite group of C9 universities which receive the highest level of state funding.

Xiamen was founded by a Malaysian based business person part of the Chinese diaspora spread across South and East Asia. This close connection with Malaysia has led to Xiamen being the first mainland Chinese university to open an international branch campus, close to Kuala Lumpur in 2015. Xiamen aims to attract around 10,000 students per year to Kuala Lumpur, mainly from neighbouring South-East Asian countries as well as mainland China students looking for a different experience and international students from around the world. The medium of instruction at the Malaysia campus is English. Many of the international students attracted to Xiamen in China and Malaysia are studying Business and related programmes. In Kuala Lumpur, Xiamen is in direct competition with a range of domestic and international universities with branch campuses located in and around Kuala Lumpur for example Nottingham University's Malaysian campus.

Xiamen is a keen developer of Memorandum of Understandings (MoUs) with international partner institutions. Some of these links have developed into a series of long-term partnerships with international universities including the provision of 3+1 and 2+2 undergraduate degree programmes as well as research links. Most distinctively, since 2009, Xiamen has opened 16 Confucian Institutes at partner

institutions across the world from Wellington, New Zealand to St Mary's University in Nova Scotia, Canada, with multiple institutes in Europe, two in Africa and one in Thailand. These institutes encourage the study of the Chinese language and culture not just for members of the partner institution but also the local communities in which they are situated. The institutes are run in collaboration with their host university providing a range of academic and extra-curricular activities. For example running Taiji classes at a nearby school in Newcastle, England and hosting a seminar for academics about Chinese teaching styles at Stellenbosch, South Africa. Through its partnerships and particularly the Confucian Institutes, Xiamen has placed itself in a good position to benefit from a growing worldwide interest in Confucian and Chinese studies.

Academic staff are generally young and have developed their practice in China; however a return scholars scheme does allow Xiamen and other Chinese University to offer attractive packages to foreign based Chinese academics who have worked abroad for part of their career.

Xiamen is a well-funded emerging economy based institution that has used its generous state support, including the extra 211 and 985 project funding to go out into the world in the last decade and develop a reputation as a centre for the study of Chinese language and culture.

As indicated in the introduction, the demand for HE in many developed economies could be reaching a plateau and the period of rapid growth in cross border student movements appears to be coming to an end. However, there is still potential for significant growth in HE participation in emerging economies. India will have 25% of the world's 18-22 year olds at the end of the current decade, and with China will account for 44% of this age group by 2020. By this date the largest HE systems are forecast to be China, 37 million students, India 28 million, US 20 million and Brazil 9 million (OBHE 2013).

In response to these trends, several emerging economy governments are drawing up legislation and putting significant funds into developing their HE infrastructure. For example the Malaysian, Hong Kong and Singaporean governments have been developing HE hubs to serve the Asian region, using a combination of domestic universities and TNE providers. The Chinese and Saudi Arabian governments want to develop more soft power and are therefore keen to develop the research reputation of their universities (Wildavsky 2010). The Chinese government has set up the C9 league of universities with the purpose of pushing nine top Chinese universities into the world elite: Tsinghua, Peking, Fudan, Zhejiang, Nanjing, Shanghai Jiao Tong, Xian Jiao Tong, Harbin Institute of Technology and The University of Science and Technology (OHBE

2013). In Saudi Arabia, King Abdullah University of Science and Technology (KAUST) receives generous government funding and is attracting top researchers from around the world (Wildavsky 2010). The resource rich government in Kazakhstan has sunk significant state funds into developing its HE infrastructure including Nazarbayev University, with its high profile collaborations with University College London and several top US universities (Times Higher Education 08/03/2012).

As these government funded projects continue; as the emerging economies continue to grow more quickly than their developed equivalents and as the numbers of students enrolling in HE in emerging countries grows; we can anticipate that the number and influence of top emerging economy universities is likely to increase.

Case study 3 focusses on Hong Kong, where the Special Administrative Zone's HE funding committee emphasises boosting the research reputation of the 8 state funded universities in the funding formula. The third case study identifies how this pursuit of international reputation through research ranking plays-out at Hong Kong Baptist University (HKBU).

Case Study 3 - Hong Kong Baptist University, Hong Kong

Hong Kong Baptist University (HKBU) was founded as a Christian non-conformist college in 1956 by the Baptist community in Hong Kong. It has always specialised in what they call whole person education, giving equal emphasis to the moral, cultural, societal and physical development of its students alongside the intellectual development. This approach is arguably more of a differentiator in the East Asia context than it is in comparison with a collegiate university in the UK. In 1983 HKBU became a fully funded tertiary institution financially supported by the Hong Kong Grants Committee (HKGC) and in 1994 was given University status by HKGC. It has continued to develop its position as one of the 8 state funded universities in Hong Kong as part of the Special Administrative Region of China since 1997. English is the medium of instruction at HKBU, coupled with the proximity to China and Hong Kong's traditional role as a gateway to China, this provides HKBU with a strong selling point.

HKBU enrolls around 11,000 full-time students per annum (with double this number on part-time and continuing professional development programmes). The Business subjects being prominent among the study choices of its international students. It employs 900 full-time academic staff. It was listed in the 350-400 section of the Times Higher Education (THE) World Rankings (THE 2014) and ranked 45th in the Asian University Rankings developed by the THE in 2015. Staff at HKBU tend to favour the QS world rankings because they perform somewhat better in this list (QS 2015)

HKBU has a number of teaching collaborations with international partners including Sheffield and Kent Universities in the UK, but perhaps most prominently at the United International College (UIC) in Zuhai, Guangdong Province, China. UIC is a joint venture founded in 2005, an hour's ferry ride across the Pearl River delta from HKBU. The joint venture is a partnership between HKBU and Beijing Normal University. Around 4,500 students are taught on a variety of English languages programmes at UIC's Zuhai campus. UIC retains the whole person education tradition of HKBU.

Internationalisation at HKBU is mainly focussed on developing an international profile and reputation, the aim being to secure research funding and attract staff and students from China and the rest of East Asia based on this international reputation. The HKGC is very keen that all the Hong Kong universities are internationally focussed, that they develop an international research profile and that they incorporate an international perspective into their statement of graduate attributes. As part of their attempt to build their international reputation Hong Kong universities (HKBU included) pay attractive salaries to recruit foreign academics with strong research track records and publications in good quality English language academic journals. Generous financial support to PhD scholars also encourages applications from international PhD students in the hope that some of them will in time become junior researchers and academics in Hong Kong. The HKGC research assessment exercise pushes this approach as does the availability of HKGC grants specifically focussed on international staff exchanges, support for doctoral students and student travel.

The Hong Kong government is using high demand for student places to recruit academic and research staff in an attempt to stimulate the sort of virtuous circle that can push all Hong Kong's universities, including HKBU, up the international ranking tables.

Discussion

Many of the emerging economy institutions referred to above have government support and the security of rising student enrollments. These assets in turn encourage potential developed economy collaborating partners to seek them out. Collaborations with top institutions from around the world and the ability to buy-in expertise from top academics, as is the case at HKBU, will further enhance status and growth. If they operate like EMNEs in other industries they will use income from their growing student enrollments to make springboard style investments (Luo and Tung 2009) to boost their research profile and international reputation.

Government policy, institutional strategy and technological change will all exert some influence on this picture (OBHE 2013) such that it is impossible to predict outcomes with any degree of certainty. It is possible that these views on emerging economy institutions may prove to be significantly exaggerated. TNE, on-line and distance-learning programmes, MOOCs or yet to emerge models of provision could disrupt the existing patterns of HE provision more than the growing power of the emerging economy institutions. At the moment, developed economy universities are busily trying to expand their influence using TNE and branch campuses. An alternative view of HE provision in the future could envisage an era of internationally successful global elite multinational universities operating branches across the world, rather like a HE equivalent of McDonald's, Starbucks or Subway. Perhaps more likely, world renowned distance learning programmes or one of the MOOCs might emerge from the pack as an Amazon equivalent and transform the industry in the same way Amazon has transformed the publishing and retail industries. The numbers enrolling to study accountancy on-line with Oxford Brooks University indicates what is possible.

In the short to medium term, the continuation of the trend towards a series of high profile partnerships and joint venture universities between developed and emerging economy institutions is set to continue. These joint ventures offer a way to comply with domestic regulations, while at the same time enabling the expansion of HE provision in emerging economies. The brand and reputation of an established international university will encourage student enrolments and attract academic staff, while the resources, connections and local knowledge of an emerging economy university will facilitate the development of the joint venture.

In summary, whilst the rapid development of TNE, partnerships and branch campus may be the most important current trend, it is clear that the emphasis could change in the future from market seeking TNE to resource seeking internationalisation by emerging economy institutions (as is the case with Xiamen and HKBU's branch campuses). Before too long, emerging-market partners will be in a position to expand independently of joint ventures just as EMNEs have done in the wider world of international business.

Perhaps it is time to start considering the likely impact of emerging-market challengers in the HE industry. Like PetroChina, Tata and Cemex in their respective industries, these institutions may

well become leaders in their field. Not too many years from now it is possible to foresee the C9 league of Chinese Universities, several of the Hong Kong and Singaporean institutions having an even more prominent ranking than at present. Not only that but by tolerating more risk than their developed economy competitors they could expand internationally using springboard strategies, acquiring or forming alliances with foreign providers in parts of Asia, South America, Middle East and Africa, where the demand for Higher Education is likely to keep growing.

Conclusions

Using international business theories to explain HE internationalisation offers some insights but does not offer a universal explanation for repeatedly observable patterns. Theories and concepts from international business which relate to EMNEs have some value in predicting what could happen in the future in global HE, but whilst there are signs that emerging economy institutions will become increasingly important in the international business of HE, there are many other developments taking place concurrently which may act against this scenario or make the picture of HE provision increasingly diverse and unlike its current incarnation.

These final points hint at further gaps between theory and practice which makes forecasting the future even more precarious. First, in HE as in other sectors, few organisations consistently base their decisions on rational organisational economics (Rumelt 2011) instead stakeholders, ownership arrangements, the motivations, mind-set of the senior management team and sometimes the whims of one individual Vice-Chancellor or President can all have an impact on organisational decision making which is often far from rational (Axinn and Matthysens 2002). Secondly, predicting any future trend in the business environment is notoriously difficult - who really knows what is round the next corner?

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